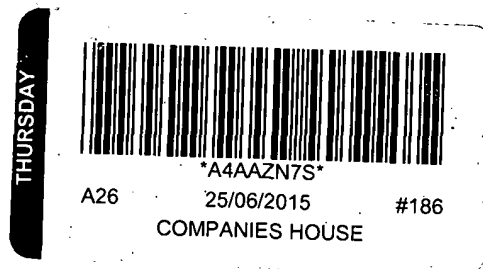


REGISTERED NUMBER: 04532416 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
FOR  
TOTALPOST SERVICES PLC**



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FOR THE YEAR ENDED 31 DECEMBER 2014**

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**TOTALPOST SERVICES PLC**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**DIRECTORS:**

D Hymers  
W J Wright  
J W Leach  
B P Qualey

**SECRETARY:**

B E A Lenton

**REGISTERED OFFICE:**

1 Skelgillside  
Alston  
Cumbria  
CA9 3TR

**REGISTERED NUMBER:**

04532416 (England and Wales)

**AUDITORS:**

Christian Douglass LLP  
Chartered Accountants  
Statutory Auditor  
2 Jordan Street  
Knott Mill  
Manchester  
M15 4PY

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their strategic report of the company and the group for the year ended 31 December 2014.

**REVIEW OF BUSINESS**

Growth has continued during the year with a further rise in turnover of some 25% created from within all parts of the business although with a healthy input from our South African subsidiary which in 18 months has generated a healthy start to life and turned a profit in the first full year of trading with significant orders already in hand for 2015 (as has the UK business). Our hardest part in the year was managing the tremendous growth of x-ray security screening orders to ensure all critical installations due by an industry deadline of 31st December were all met, and we are pleased to note that this was achieved.

As in the previous year the UK business has increased, with added products from the previous year such as hybrid mail and document management systems being marketed more strongly and we are pleased to report that all major core business contracts for maintenance support have been renewed for 2015 (and beyond in some cases) despite some competitive action. This is set to rise significantly with an added business acquisition at the end of this account reporting period.

We have committed much time and resource during the year in a major upgrade to our IT and communications systems both for improvements, and in parallel, to support our actions of planning to be ISO27001 compliant by July 2015 which will allow us to grow more business in the document and address management areas. This has also allowed us to develop a better CRM system suitable for all aspects of the business by creating high speed data links across the office network in the UK and German business.

Having succeeded within a short time in South Africa with a dedicated and capable team, we have begun similar growth planned in Germany with certain major contracts under tender and day to day business being well managed so that we anticipate this being in profit in 2015 without difficulty leaving France to develop as it is doing but in a slower way. Our anticipation is that this will be redeemed in 2016 at latest.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Still retaining caution on exchange rates but no major concern owing to our multi-currency policy on accounting which has worked well for many years.

**ON BEHALF OF THE BOARD:**



D Hymers - Director

18 June 2015

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2014.

**DIVIDENDS**

Dividends of £32,667 (2013: £34,000) were paid during the year. The directors do not recommend a final dividend.

**FUTURE DEVELOPMENTS**

An acquisition at the end of the present accounting period of a c30 year old business called Mailing & Mechanisation UK Ltd which manufactures from pre purchased chassis, high speed inserting systems (for automatic insertion of folded paper into envelopes) based in the UK, will add some £1m to present group turnover in 2015 and is already producing orders and an order book in 3 months greater than the previous 12 month profitable period. Almost all of the equipment is for export through some existing and long established customers. To boost the opportunity we have been awarded an exclusive UK distribution of the Muller range of higher speed inserters also, both of which open up the ability to supply higher volume production mail management systems to major existing clients and develop new ones also.

We have also been awarded Worldwide distribution rights to probably the World's best made envelope sealing system by Maag Mercure, which improves our product range exceptionally well and also Worldwide distribution rights from Ceia in Italy for their excellent range of Walk Through metal detectors for our security division and also their EMIS mail scanner for screening of bombs & bomb equipment and gamma detection which is a massively important alternative to cabinet x-ray screening systems being much cheaper, much faster and much smaller.

Staff restructure announced in 2014 is still underway with improvements planned but which have started in a positive way. Also several large areas of 2014 costs amounting to some £210k will reduce by £180k in 2015 and be eliminated as non-recurring by 2016.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

D Hymers  
W J Wright  
J W Leach  
B P Qualey

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**AUDITORS**

The auditors, Christian Douglass LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to be 'D Hymers', written over a horizontal line.

D Hymers - Director

18 June 2015

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TOTALPOST SERVICES PLC

We have audited the financial statements of Totalpost Services Plc for the year ended 31 December 2014 on pages six to twenty four. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mrs Deborah Burton F.C.A. (Senior Statutory Auditor)  
for and on behalf of Christian Douglass LLP  
Chartered Accountants  
Statutory Auditor  
2 Jordan Street  
Knott Mill  
Manchester  
M15 4PY

Date: 22 JUNE 2015

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|   |       | 31.12.14         |                  | 31.12.13<br>as restated |                  |
|---|-------|------------------|------------------|-------------------------|------------------|
|   | Notes | £                | £                | £                       | £                |
| <b>TURNOVER - Recurring</b>                               | 2     |                  | 5,090,636        |                         | 4,046,980        |
| <b>TURNOVER - Exceptional</b>                             | 5     |                  | <u>328,448</u>   |                         | <u>-</u>         |
|   |       |                  | 5,419,084        |                         | 4,046,980        |
| Cost of sales   |       |                  | <u>2,730,428</u> |                         | <u>2,033,375</u> |
| <b>GROSS PROFIT</b>                                       |       |                  | 2,688,656        |                         | 2,013,605        |
| Distribution costs  |       | 212,486          |                  | 129,125                 |                  |
| Administrative expenses                                   |       | <u>2,457,172</u> |                  | <u>1,832,682</u>        |                  |
|   |       |                  | <u>2,669,658</u> |                         | <u>1,961,807</u> |
|   |       |                  | 18,998           |                         | 51,798           |
| Other operating income                                    |       |                  | <u>13,536</u>    |                         | <u>17,728</u>    |
| <b>OPERATING PROFIT</b>                                   | 4     |                  | 32,534           |                         | 69,526           |
| Interest receivable and similar income                    |       |                  | <u>633</u>       |                         | <u>2</u>         |
|   |       |                  | 33,167           |                         | 69,528           |
| Interest payable and similar charges                      | 6     |                  | <u>29,778</u>    |                         | <u>13,881</u>    |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>      |       |                  | 3,389            |                         | 55,647           |
| Tax on profit on ordinary activities                      | 7     |                  | <u>52,378</u>    |                         | <u>54,762</u>    |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b> |       |                  | <u>(48,989)</u>  |                         | <u>885</u>       |

**CONTINUING OPERATIONS**

None of the group's activities were discontinued during the current year or previous year. Acquisitions are not material to the group as identified in note 2.



**TOTALPOST SERVICES PLC (REGISTERED NUMBER: 04532416)**  
**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

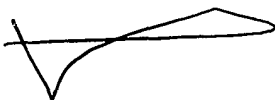
|   | 31.12.14             | 31.12.13<br>as restated |
|---|----------------------|-------------------------|
|   | £                    | £                       |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>                       | (48,989)             | 885                     |
| Unrealised exchange losses  | <u>14,893</u>        | <u>-</u>                |
| <b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>     | (34,096)             | <u><u>885</u></u>       |
| Prior year adjustment   | Note<br>10           |                         |
|   | <u>73,515</u>        |                         |
| <b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b> | <u><u>39,419</u></u> |                         |

The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET**  
**31 DECEMBER 2014**

|  |       | 31.12.14         |                 | 31.12.13<br>as restated |                 |
|--|-------|------------------|-----------------|-------------------------|-----------------|
|  | Notes | £                | £               | £                       | £               |
| <b>FIXED ASSETS</b>                          |       |                  |                 |                         |                 |
| Intangible assets                            | 11    |                  | 77,786          |                         | -               |
| Tangible assets                              | 12    |                  | 628,515         |                         | 503,862         |
| Investments                                  | 13    |                  | -               |                         | -               |
|  |       |                  | <u>706,301</u>  |                         | <u>503,862</u>  |
| <b>CURRENT ASSETS</b>                        |       |                  |                 |                         |                 |
| Stocks                                       | 14    | 1,208,433        |                 | 857,106                 |                 |
| Debtors                                      | 15    | 1,736,380        |                 | 1,062,996               |                 |
| Cash at bank and in hand                     |       | <u>106,099</u>   |                 | <u>2,457</u>            |                 |
|  |       | 3,050,912        |                 | 1,922,559               |                 |
| <b>CREDITORS</b>                             |       |                  |                 |                         |                 |
| Amounts falling due within one year          | 16    | <u>2,882,061</u> |                 | <u>1,643,843</u>        |                 |
| <b>NET CURRENT ASSETS</b>                    |       |                  | <u>168,851</u>  |                         | <u>278,716</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                  | 875,152         |                         | 782,578         |
| <b>CREDITORS</b>                             |       |                  |                 |                         |                 |
| Amounts falling due after more than one year | 17    |                  | (202,585)       |                         | (61,520)        |
| <b>PROVISIONS FOR LIABILITIES</b>            | 21    |                  | <u>(78,272)</u> |                         | <u>(60,000)</u> |
| <b>NET ASSETS</b>                            |       |                  | <u>594,295</u>  |                         | <u>661,058</u>  |
| <b>CAPITAL AND RESERVES</b>                  |       |                  |                 |                         |                 |
| Called up share capital                      | 22    |                  | 50,002          |                         | 50,002          |
| Share premium                                | 23    |                  | 18              |                         | 18              |
| Profit and loss account                      | 23    |                  | <u>544,275</u>  |                         | <u>611,038</u>  |
| <b>SHAREHOLDERS' FUNDS</b>                   | 26    |                  | <u>594,295</u>  |                         | <u>661,058</u>  |

The financial statements were approved by the Board of Directors on 18 June 2015 and were signed on its behalf by:



D Hymers - Director

COMPANY BALANCE SHEET  
31 DECEMBER 2014

|  |       | 31.12.14         |                 | 31.12.13<br>as restated |                 |
|--|-------|------------------|-----------------|-------------------------|-----------------|
|  | Notes | £                | £               | £                       | £               |
| <b>FIXED ASSETS</b>                          |       |                  |                 |                         |                 |
| Intangible assets                            | 11    |                  | -               |                         | -               |
| Tangible assets                              | 12    |                  | 581,713         |                         | 499,992         |
| Investments                                  | 13    |                  | <u>193,273</u>  |                         | <u>22,148</u>   |
|  |       |                  | 774,986         |                         | 522,140         |
| <b>CURRENT ASSETS</b>                        |       |                  |                 |                         |                 |
| Stocks                                       | 14    | 987,180          |                 | 786,440                 |                 |
| Debtors                                      | 15    | 2,203,094        |                 | 1,250,382               |                 |
| Cash at bank                                 |       | <u>12,908</u>    |                 | <u>210</u>              |                 |
|  |       | 3,203,182        |                 | 2,037,032               |                 |
| <b>CREDITORS</b>                             |       |                  |                 |                         |                 |
| Amounts falling due within one year          | 16    | <u>2,733,003</u> |                 | <u>1,588,408</u>        |                 |
| <b>NET CURRENT ASSETS</b>                    |       |                  | <u>470,179</u>  |                         | <u>448,624</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                  | 1,245,165       |                         | 970,764         |
| <b>CREDITORS</b>                             |       |                  |                 |                         |                 |
| Amounts falling due after more than one year | 17    |                  | (202,585)       |                         | (61,520)        |
| <b>PROVISIONS FOR LIABILITIES</b>            | 21    |                  | <u>(78,000)</u> |                         | <u>(60,000)</u> |
| <b>NET ASSETS</b>                            |       |                  | <u>964,580</u>  |                         | <u>849,244</u>  |
| <b>CAPITAL AND RESERVES</b>                  |       |                  |                 |                         |                 |
| Called up share capital                      | 22    |                  | 50,002          |                         | 50,002          |
| Share premium                                | 23    |                  | 18              |                         | 18              |
| Profit and loss account                      | 23    |                  | <u>914,560</u>  |                         | <u>799,224</u>  |
| <b>SHAREHOLDERS' FUNDS</b>                   | 26    |                  | <u>964,580</u>  |                         | <u>849,244</u>  |

The financial statements were approved by the Board of Directors on 18 June 2015 and were signed on its behalf by:



D Hyman - Director

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|   |       | 31.12.14 |                 | 31.12.13<br>as restated |                  |
|---|-------|----------|-----------------|-------------------------|------------------|
|   | Notes | £        | £               | £                       | £                |
| Net cash inflow from operating activities       | 1     |          | 454,488         |                         | 98,661           |
| Returns on investments and servicing of finance | 2     |          | (29,145)        |                         | (13,879)         |
| Taxation  |       |          | (75,598)        |                         | (139)            |
| Capital expenditure and financial investment    | 2     |          | (154,230)       |                         | (114,519)        |
| Acquisitions and disposals                      | 2     |          | (30,705)        |                         | -                |
| Equity dividends paid                           |       |          | <u>(32,667)</u> |                         | <u>(34,000)</u>  |
|   |       |          | 132,143         |                         | (63,876)         |
| Financing                                       | 2     |          | <u>(21,643)</u> |                         | <u>(144,241)</u> |
| Increase/(decrease) in cash in the period       |       |          | <u>110,500</u>  |                         | <u>(208,117)</u> |

---

**Reconciliation of net cash flow to movement in net debt**

|  |   |                  |                  |
|--|---|------------------|------------------|
|  | 3 |                  |                  |
| Increase/(decrease) in cash in the period              |   | 110,500          | (208,117)        |
| Cash outflow from decrease in debt and lease financing |   | <u>34,886</u>    | <u>128,080</u>   |
| Change in net debt resulting from cash flows           |   | 145,386          | (80,037)         |
| New hire purchase                                      |   | (74,511)         | (100,825)        |
| Net cash on acquisition of subsidiary                  |   | <u>3,980</u>     | <u>-</u>         |
| Movement in net debt in the period                     |   | 74,855           | (180,862)        |
| Net debt at 1 January                                  |   | <u>(355,996)</u> | <u>(175,134)</u> |
| Net debt at 31 December                                |   | <u>(281,141)</u> | <u>(355,996)</u> |

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

|  | 31.12.14              | 31.12.13<br>as restated |
|--|-----------------------|-------------------------|
|  | £                     | £                       |
| Operating profit                                 | 32,534                | 69,526                  |
| Depreciation charges                             | 80,389                | 56,193                  |
| Loss on disposal of fixed assets                 | 291                   | 2,783                   |
| Effect of exchange                               | 15,063                | -                       |
| Increase in stocks                               | (190,947)             | (490,137)               |
| Increase in debtors                              | (589,687)             | (169,046)               |
| Increase in creditors                            | <u>1,106,845</u>      | <u>629,342</u>          |
| <b>Net cash inflow from operating activities</b> | <u><u>454,488</u></u> | <u><u>98,661</u></u>    |

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

|   | 31.12.14                | 31.12.13<br>as restated |
|---|-------------------------|-------------------------|
|   | £                       | £                       |
| <b>Returns on investments and servicing of finance</b>                      |                         |                         |
| Interest received   | 633                     | 2                       |
| Interest paid   | (20,444)                | (9,017)                 |
| Interest element of hire purchase payments                                  | <u>(9,334)</u>          | <u>(4,864)</u>          |
| <b>Net cash outflow for returns on investments and servicing of finance</b> | <u><u>(29,145)</u></u>  | <u><u>(13,879)</u></u>  |
| <b>Capital expenditure and financial investment</b>                         |                         |                         |
| Purchase of intangible fixed assets   | (39,530)                | -                       |
| Purchase of tangible fixed assets   | (118,100)               | (96,773)                |
| Purchase of fixed asset investments   | -                       | (21,345)                |
| Sale of tangible fixed assets   | <u>3,400</u>            | <u>3,599</u>            |
| <b>Net cash outflow for capital expenditure and financial investment</b>    | <u><u>(154,230)</u></u> | <u><u>(114,519)</u></u> |
| <b>Acquisitions and disposals</b>   |                         |                         |
| Acquisition of subsidiary   | <u>(30,705)</u>         | -                       |
| <b>Net cash outflow for acquisitions and disposals</b>                      | <u><u>(30,705)</u></u>  | <u><u>-</u></u>         |
| <b>Financing</b>  |                         |                         |
| New loans in year   | -                       | 60,000                  |
| Loan repayments in year   | (17,140)                | (165,573)               |
| Capital repayments/ advances  | (17,746)                | (22,508)                |
| Amount introduced by directors  | 26,748                  | -                       |
| Amount withdrawn by directors   | (13,505)                | (16,180)                |
| Share issue   | <u>-</u>                | <u>20</u>               |
| <b>Net cash outflow from financing</b>                                      | <u><u>(21,643)</u></u>  | <u><u>(144,241)</u></u> |

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**3. ANALYSIS OF CHANGES IN NET DEBT**

|                                      | At 1.1.14<br>£   | Cash flow<br>£ | On<br>acquisition<br>of<br>subsidiary<br>£ | Other<br>non-cash<br>changes<br>£ | At<br>31.12.14<br>£ |
|--------------------------------------|------------------|----------------|--|-----------------------------------|---------------------|
| Net cash:                            |                  |                |  |                                   |                     |
| Cash at bank and in hand             | 2,457            | 87,412         | 16,230                                     |                                   | 106,099             |
| Bank overdrafts                      | <u>(245,960)</u> | <u>23,088</u>  | <u>-</u>                                   |                                   | <u>(222,872)</u>    |
|                                      | <u>(243,503)</u> | <u>110,500</u> | <u>16,230</u>                              |                                   | <u>(116,773)</u>    |
| Debt:                                |                  |                |  |                                   |                     |
| Hire purchase                        | (95,353)         | 17,746         | (12,250)                                   | (74,511)                          | (164,368)           |
| Debts falling due<br>within one year | <u>(17,140)</u>  | <u>17,140</u>  | <u>-</u>                                   | <u>-</u>                          | <u>-</u>            |
|                                      | <u>(112,493)</u> | <u>34,886</u>  | <u>(12,250)</u>                            | <u>(74,511)</u>                   | <u>(164,368)</u>    |
| Total                                | <u>(355,996)</u> | <u>145,386</u> | <u>3,980</u>                               | <u>(74,511)</u>                   | <u>(281,141)</u>    |

**4. MAJOR NON-CASH TRANSACTIONS**

On 16 December 2014, the company acquired 100% of the issued share capital of Mailing and Mechanisation (UK) Limited. The transaction details are set out below.

Net assets acquired:

|                             |              |
|-----------------------------|--------------|
| Fixed assets                | 16,292       |
| Stocks and work in progress | 160,380      |
| Debtors                     | 83,697       |
| Cash at bank                | 16,230       |
| Liabilities                 | (182,999)    |
| Deferred tax                | <u>(261)</u> |

|          |               |
|----------|---------------|
|          | 93,339        |
| Goodwill | <u>77,786</u> |

|                     |                |
|---------------------|----------------|
| Total consideration | <u>171,125</u> |
|---------------------|----------------|

Of the total consideration, £30,705 was paid on completion and £140,420 was deferred to future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

**Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2014. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax, except in respect of service contracts where turnover is recognised when the group obtains the right to consideration.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2014, is being amortised evenly over its estimated useful life of five years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

|                          |  |
|--------------------------|--|
| Improvements to property | - 10% on reducing balance                    |
| Plant and machinery      | - 33.33% on cost and 10% on reducing balance |
| Fixtures and fittings    | - 20% on reducing balance                    |
| Motor vehicles           | - 25% on reducing balance                    |

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

**Government grants**

Government grants are credited to the profit and loss account in the period in which the expenditure is incurred.

**Investments**

Investments are stated at cost less any provision for permanent diminution in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 20142. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

|                             | 31.12.14         | 31.12.13<br>as restated |
|-----------------------------|------------------|-------------------------|
|                             | £                | £                       |
| United Kingdom              | 3,854,875        | 3,001,367               |
| Europe, N. America, SE Asia | 1,564,209        | 1,045,613               |
|                             | <u>5,419,084</u> | <u>4,046,980</u>        |

The group's acquisition, as detailed on page 12, contributed turnover of approximately £23,000 during the year. The acquisition is not considered material to the group and consequently no additional disclosure is presented.

3. **STAFF COSTS**

|                       | 31.12.14         | 31.12.13<br>as restated |
|-----------------------|------------------|-------------------------|
|                       | £                | £                       |
| Wages and salaries    | 1,412,866        | 1,104,021               |
| Social security costs | 139,353          | 113,020                 |
| Other pension costs   | 3,240            | 6,840                   |
|                       | <u>1,555,459</u> | <u>1,223,881</u>        |

The average monthly number of employees during the year was as follows:

|                               | 31.12.14  | 31.12.13<br>as restated |
|-------------------------------|-----------|-------------------------|
| Management and administration | 13        | 10                      |
| Direct and engineers          | 36        | 30                      |
| Sales                         | 7         | 6                       |
|                               | <u>56</u> | <u>46</u>               |

In addition to the above, directors' salaries amounting to £nil (2013: £12,700) plus staff wages of £63,900 (2013: £10,660) and Social security costs of £5,800 (2013: £2,402) have been included in prepayments or capitalised into fixed assets during the year.

4. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

|   | 31.12.14      | 31.12.13<br>as restated |
|---|---------------|-------------------------|
|   | £             | £                       |
| Other operating leases  | 163,897       | 92,682                  |
| Depreciation - owned assets   | 33,948        | 36,173                  |
| Depreciation - assets on hire purchase contracts                    | 46,441        | 20,020                  |
| Loss on disposal of fixed assets                                    | 291           | 2,783                   |
| Auditors' remuneration  | 11,000        | 7,350                   |
| Foreign exchange differences  | 28,342        | (3,135)                 |
| Fees payable to the group auditors in respect of non-audit services | 6,048         | 5,335                   |
|   | <u>75,600</u> | <u>63,000</u>           |
| Directors' remuneration   | 3,240         | 6,840                   |
| Directors' pension contributions to money purchase schemes          |               |                         |

The number of directors to whom retirement benefits were accruing was as follows:

|                        | 3        | 3        |
|------------------------|----------|----------|
| Money purchase schemes | <u>3</u> | <u>3</u> |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014

## 5. EXCEPTIONAL ITEMS

Exceptional turnover of £328,448 relates to the sale of a licence to utilise the company's software.

## 6. INTEREST PAYABLE AND SIMILAR CHARGES

|                          | 31.12.14      | 31.12.13<br>as restated |
|--------------------------|---------------|-------------------------|
|                          | £             | £                       |
| Bank interest            | 10,971        | 8,555                   |
| Corporation tax interest | 2,387         | 462                     |
| Other interest           | 7,086         | -                       |
| Hire purchase            | <u>9,334</u>  | <u>4,864</u>            |
|                          | <u>29,778</u> | <u>13,881</u>           |

## 7. TAXATION

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

|                                      | 31.12.14      | 31.12.13<br>as restated |
|--------------------------------------|---------------|-------------------------|
|                                      | £             | £                       |
| Current tax:                         |               |                         |
| UK corporation tax                   | 30,860        | 46,524                  |
| Adjustment for prior years           | <u>3,507</u>  | <u>(2,262)</u>          |
| Total current tax                    | 34,367        | 44,262                  |
| Deferred tax                         | <u>18,011</u> | <u>10,500</u>           |
| Tax on profit on ordinary activities | <u>52,378</u> | <u>54,762</u>           |

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

|  | 31.12.14      | 31.12.13<br>as restated |
|--|---------------|-------------------------|
|  | £             | £                       |
| Profit on ordinary activities before tax   | <u>3,389</u>  | <u>55,647</u>           |
| Profit on ordinary activities<br>multiplied by the standard rate of corporation tax<br>in the UK of 21% (2013 - 20%) | 712           | 11,129                  |
| Effects of:  |               |                         |
| Expenses not deductible for tax purposes   | 4,847         | 4,213                   |
| Capital allowances in excess of depreciation   | (17,244)      | (6,456)                 |
| Adjustments to tax charge in respect of previous periods   | 3,507         | (2,262)                 |
| Effect of non-relievable overseas losses   | <u>42,545</u> | <u>37,638</u>           |
| Current tax charge   | <u>34,367</u> | <u>44,262</u>           |

## 8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £148,003 (2013 - £189,071).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014

## 9. DIVIDENDS

|                              | 31.12.14      | 31.12.13<br>as restated |
|------------------------------|---------------|-------------------------|
|                              | £             | £                       |
| Ordinary shares of £1 each   |               |                         |
| Interim                      | 10,000        | 12,666                  |
| Ordinary B shares of £1 each |               |                         |
| Interim                      | 22,667        | 21,334                  |
|                              | <u>32,667</u> | <u>34,000</u>           |

## 10. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been included to correct a fundamental error and recognise the capital value of costs expensed in previous periods in respect of the internal generation of fixed assets. The expenditure capitalised amounted to £96,015 and the tax effect was £22,500, a net adjustment to opening reserves of £73,515.

## 11. INTANGIBLE FIXED ASSETS

|                       |               |
|-----------------------|---------------|
| <b>Group</b>          | Goodwill<br>£ |
| <b>COST</b>           |               |
| Additions             | 77,786        |
| At 31 December 2014   | <u>77,786</u> |
| <b>NET BOOK VALUE</b> |               |
| At 31 December 2014   | <u>77,786</u> |

## 12. TANGIBLE FIXED ASSETS

|                        |                                     |                             |                                  |                        |                  |
|------------------------|-------------------------------------|-----------------------------|----------------------------------|------------------------|------------------|
| <b>Group</b>           | Improvements<br>to<br>property<br>£ | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£      |
| <b>COST</b>            |                                     |                             |                                  |                        |                  |
| At 1 January 2014      | 95,132                              | 470,142                     | 82,627                           | 169,413                | 817,314          |
| Additions              | 23,829                              | 81,253                      | 71,789                           | 32,032                 | 208,903          |
| Disposals              | -                                   | -                           | -                                | (7,000)                | (7,000)          |
| Exchange differences   | -                                   | -                           | (191)                            | -                      | (191)            |
| At 31 December 2014    | <u>118,961</u>                      | <u>551,395</u>              | <u>154,225</u>                   | <u>194,445</u>         | <u>1,019,026</u> |
| <b>DEPRECIATION</b>    |                                     |                             |                                  |                        |                  |
| At 1 January 2014      | 29,797                              | 189,949                     | 52,865                           | 40,841                 | 313,452          |
| Charge for year        | 7,747                               | 22,337                      | 13,609                           | 36,696                 | 80,389           |
| Eliminated on disposal | -                                   | -                           | -                                | (3,309)                | (3,309)          |
| Exchange differences   | -                                   | -                           | (21)                             | -                      | (21)             |
| At 31 December 2014    | <u>37,544</u>                       | <u>212,286</u>              | <u>66,453</u>                    | <u>74,228</u>          | <u>390,511</u>   |
| <b>NET BOOK VALUE</b>  |                                     |                             |                                  |                        |                  |
| At 31 December 2014    | <u>81,417</u>                       | <u>339,109</u>              | <u>87,772</u>                    | <u>120,217</u>         | <u>628,515</u>   |
| At 31 December 2013    | <u>65,335</u>                       | <u>280,193</u>              | <u>29,762</u>                    | <u>128,572</u>         | <u>503,862</u>   |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014

## 12. TANGIBLE FIXED ASSETS - continued

## Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

|                           | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£ |
|---------------------------|-----------------------------|----------------------------------|------------------------|-------------|
| <b>COST</b>               |                             |                                  |                        |             |
| At 1 January 2014         | -                           | -                                | 130,673                | 130,673     |
| Additions                 | 11,248                      | 49,772                           | 29,731                 | 90,751      |
| Reclassification/transfer | 40,000                      | -                                | 26,740                 | 66,740      |
| At 31 December 2014       | 51,248                      | 49,772                           | 187,144                | 288,164     |
| <b>DEPRECIATION</b>       |                             |                                  |                        |             |
| At 1 January 2014         | -                           | -                                | 24,816                 | 24,816      |
| Charge for year           | 5,353                       | 5,877                            | 35,211                 | 46,441      |
| Reclassification/transfer | -                           | -                                | 10,784                 | 10,784      |
| At 31 December 2014       | 5,353                       | 5,877                            | 70,811                 | 82,041      |
| <b>NET BOOK VALUE</b>     |                             |                                  |                        |             |
| At 31 December 2014       | 45,895                      | 43,895                           | 116,333                | 206,123     |
| At 31 December 2013       | -                           | -                                | 105,857                | 105,857     |

## Company

|                        | Improvements<br>to<br>property<br>£ | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£ |
|------------------------|-------------------------------------|-----------------------------|----------------------------------|------------------------|-------------|
| <b>COST</b>            |                                     |                             |                                  |                        |             |
| At 1 January 2014      | 95,132                              | 470,142                     | 78,514                           | 169,413                | 813,201     |
| Additions              | 1,487                               | 77,458                      | 56,770                           | 27,310                 | 163,025     |
| Disposals              | -                                   | -                           | -                                | (7,000)                | (7,000)     |
| At 31 December 2014    | 96,619                              | 547,600                     | 135,284                          | 189,723                | 969,226     |
| <b>DEPRECIATION</b>    |                                     |                             |                                  |                        |             |
| At 1 January 2014      | 29,797                              | 189,949                     | 52,622                           | 40,841                 | 313,209     |
| Charge for year        | 6,682                               | 22,317                      | 11,993                           | 36,621                 | 77,613      |
| Eliminated on disposal | -                                   | -                           | -                                | (3,309)                | (3,309)     |
| At 31 December 2014    | 36,479                              | 212,266                     | 64,615                           | 74,153                 | 387,513     |
| <b>NET BOOK VALUE</b>  |                                     |                             |                                  |                        |             |
| At 31 December 2014    | 60,140                              | 335,334                     | 70,669                           | 115,570                | 581,713     |
| At 31 December 2013    | 65,335                              | 280,193                     | 25,892                           | 128,572                | 499,992     |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014

## 12. TANGIBLE FIXED ASSETS - continued

## Company

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

|                           | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£    |
|---------------------------|-----------------------------|----------------------------------|------------------------|----------------|
| <b>COST</b>               |                             |                                  |                        |                |
| At 1 January 2014         | -                           | -                                | 130,673                | 130,673        |
| Additions                 | 7,457                       | 42,045                           | 25,009                 | 74,511         |
| Reclassification/transfer | <u>40,000</u>               | <u>-</u>                         | <u>26,740</u>          | <u>66,740</u>  |
| At 31 December 2014       | <u>47,457</u>               | <u>42,045</u>                    | <u>182,422</u>         | <u>271,924</u> |
| <b>DEPRECIATION</b>       |                             |                                  |                        |                |
| At 1 January 2014         | -                           | -                                | 24,816                 | 24,816         |
| Charge for year           | 5,333                       | 5,813                            | 35,136                 | 46,282         |
| Reclassification/transfer | <u>-</u>                    | <u>-</u>                         | <u>10,784</u>          | <u>10,784</u>  |
| At 31 December 2014       | <u>5,333</u>                | <u>5,813</u>                     | <u>70,736</u>          | <u>81,882</u>  |
| <b>NET BOOK VALUE</b>     |                             |                                  |                        |                |
| At 31 December 2014       | <u>42,124</u>               | <u>36,232</u>                    | <u>111,686</u>         | <u>190,042</u> |
| At 31 December 2013       | <u>-</u>                    | <u>-</u>                         | <u>105,857</u>         | <u>105,857</u> |

## 13. FIXED ASSET INVESTMENTS

## Company

|                       | Shares in<br>group<br>undertakings<br>£ |
|-----------------------|---|
| <b>COST</b>           |   |
| At 1 January 2014     | 22,148                                  |
| Additions             | <u>171,125</u>                          |
| At 31 December 2014   | <u>193,273</u>                          |
| <b>NET BOOK VALUE</b> |   |
| At 31 December 2014   | <u>193,273</u>                          |
| At 31 December 2013   | <u>22,148</u>                           |

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

## Subsidiaries

## Totalpost Services SAS

Country of incorporation: France  
Nature of business: Non-trading

|                  |              |
|------------------|--------------|
| Class of shares: | %<br>holding |
| Ordinary         | 100.00       |

## Totalpost Proprietary Ltd

Country of incorporation: South Africa  
Nature of business: Mailroom services

|                  |              |
|------------------|--------------|
| Class of shares: | %<br>holding |
| Ordinary         | 100.00       |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014

## 13. FIXED ASSET INVESTMENTS - continued

**Totalpost Services GmbH**

Country of incorporation: Germany

Nature of business: Non-trading

|                  | %       |
|------------------|---------|
| Class of shares: | holding |
| Ordinary         | 100.00  |

**Mailing and Mechanisation (UK) Limited**

Nature of business: Manufacture of high speed inserter systems

|                  | %       |
|------------------|---------|
| Class of shares: | holding |
| Ordinary         | 100.00  |

## 14. STOCKS

|                  | Group            |                         | Company        |                         |
|------------------|------------------|-------------------------|----------------|-------------------------|
|                  | 31.12.14         | 31.12.13<br>as restated | 31.12.14       | 31.12.13<br>as restated |
|                  | £                | £                       | £              | £                       |
| Stocks           | 1,102,681        | 740,496                 | 881,428        | 669,830                 |
| Work-in-progress | <u>105,752</u>   | <u>116,610</u>          | <u>105,752</u> | <u>116,610</u>          |
|                  | <u>1,208,433</u> | <u>857,106</u>          | <u>987,180</u> | <u>786,440</u>          |

## 15. DEBTORS

|   | Group            |                         | Company          |                         |
|---|------------------|-------------------------|------------------|-------------------------|
|   | 31.12.14         | 31.12.13<br>as restated | 31.12.14         | 31.12.13<br>as restated |
|   | £                | £                       | £                | £                       |
| Amounts falling due within one year:          |                  |                         |                  |                         |
| Trade debtors                                 | 456,099          | 646,494                 | 449,741          | 642,645                 |
| Amounts owed by group undertakings            | -                | -                       | 701,429          | 357,010                 |
| Other debtors                                 | 838,034          | 295,051                 | 768,703          | 225,157                 |
| Prepayments and accrued income                | <u>435,628</u>   | <u>121,451</u>          | <u>283,221</u>   | <u>25,570</u>           |
|   | <u>1,729,761</u> | <u>1,062,996</u>        | <u>2,203,094</u> | <u>1,250,382</u>        |
| Amounts falling due after more than one year: |                  |                         |                  |                         |
| Other debtors                                 | <u>6,619</u>     | <u>-</u>                | <u>-</u>         | <u>-</u>                |
| Aggregate amounts                             | <u>1,736,380</u> | <u>1,062,996</u>        | <u>2,203,094</u> | <u>1,250,382</u>        |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014

## 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|   | Group            |                         | Company          |                         |
|---|------------------|-------------------------|------------------|-------------------------|
|   | 31.12.14         | 31.12.13<br>as restated | 31.12.14         | 31.12.13<br>as restated |
|   | £                | £                       | £                | £                       |
| Bank loans and overdrafts (see note 18) | 222,872          | 263,100                 | 222,872          | 263,100                 |
| Hire purchase contracts (see note 19)   | 73,643           | 33,833                  | 61,393           | 33,833                  |
| Trade creditors                         | 2,002,383        | 967,195                 | 1,926,700        | 920,256                 |
| Tax                                     | 113,842          | 111,262                 | 80,031           | 111,262                 |
| Social security and other taxes         | 205,428          | 75,317                  | 185,305          | 52,903                  |
| VAT                                     | 10,079           | 48,657                  | 10,318           | 65,264                  |
| Other creditors                         | 29,633           | 3,406                   | 29,284           | 717                     |
| Directors' current accounts             | 26,748           | 13,505                  | 26,748           | 13,505                  |
| Accruals and deferred income            | 197,433          | 127,568                 | 190,352          | 127,568                 |
|   | <u>2,882,061</u> | <u>1,643,843</u>        | <u>2,733,003</u> | <u>1,588,408</u>        |

## 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                                       | Group          |                         | Company        |                         |
|---------------------------------------|----------------|-------------------------|----------------|-------------------------|
|                                       | 31.12.14       | 31.12.13<br>as restated | 31.12.14       | 31.12.13<br>as restated |
|                                       | £              | £                       | £              | £                       |
| Hire purchase contracts (see note 19) | 90,725         | 61,520                  | 90,725         | 61,520                  |
| Other creditors                       | <u>111,860</u> | <u>-</u>                | <u>111,860</u> | <u>-</u>                |
|                                       | <u>202,585</u> | <u>61,520</u>           | <u>202,585</u> | <u>61,520</u>           |

## 18. LOANS

An analysis of the maturity of loans is given below:

|   | Group          |                         | Company        |                         |
|---|----------------|-------------------------|----------------|-------------------------|
|   | 31.12.14       | 31.12.13<br>as restated | 31.12.14       | 31.12.13<br>as restated |
|   | £              | £                       | £              | £                       |
| Amounts falling due within one year or on demand: |                |                         |                |                         |
| Bank overdrafts                                   | 222,872        | 245,960                 | 222,872        | 245,960                 |
| Bank loans  | <u>-</u>       | <u>17,140</u>           | <u>-</u>       | <u>17,140</u>           |
|   | <u>222,872</u> | <u>263,100</u>          | <u>222,872</u> | <u>263,100</u>          |

## 19. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

| Group                      | Hire purchase contracts |                         |
|----------------------------|-------------------------|-------------------------|
|                            | 31.12.14                | 31.12.13<br>as restated |
|                            | £                       | £                       |
| Net obligations repayable: |                         |                         |
| Within one year            | 73,643                  | 33,833                  |
| Between one and five years | <u>90,725</u>           | <u>61,520</u>           |
|                            | <u>164,368</u>          | <u>95,353</u>           |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014

## 19. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

## Company

|                            | Hire purchase contracts<br>31.12.14 | 31.12.13<br>as restated |
|----------------------------|-------------------------------------|-------------------------|
|                            | £                                   | £                       |
| Net obligations repayable: |                                     |                         |
| Within one year            | 61,393                              | 33,833                  |
| Between one and five years | 90,725                              | 61,520                  |
|                            | <u>152,118</u>                      | <u>95,353</u>           |

The following operating lease payments are committed to be paid within one year:

## Group

|                            | Land and buildings<br>31.12.14 | 31.12.13<br>as restated | Other operating leases<br>31.12.14 | 31.12.13<br>as restated |
|----------------------------|--------------------------------|-------------------------|------------------------------------|-------------------------|
|                            | £                              | £                       | £                                  | £                       |
| Expiring:                  |                                |                         |                                    |                         |
| Within one year            | -                              | 58,854                  | -                                  | -                       |
| Between one and five years | 145,080                        | 77,439                  | 3,168                              | -                       |
| In more than five years    | 37,735                         | -                       | -                                  | -                       |
|                            | <u>182,815</u>                 | <u>136,293</u>          | <u>3,168</u>                       | <u>-</u>                |

## Company

|                            | Land and buildings<br>31.12.14 | 31.12.13<br>as restated |
|----------------------------|--------------------------------|-------------------------|
|                            | £                              | £                       |
| Expiring:                  |                                |                         |
| Within one year            | -                              | 44,454                  |
| Between one and five years | 80,223                         | 17,439                  |
|                            | <u>80,223</u>                  | <u>61,893</u>           |

## 20. SECURED DEBTS

The following secured debts are included within creditors:

|                         | Group          |                         | Company        |                         |
|-------------------------|----------------|-------------------------|----------------|-------------------------|
|                         | 31.12.14       | 31.12.13<br>as restated | 31.12.14       | 31.12.13<br>as restated |
|                         | £              | £                       | £              | £                       |
| Hire purchase contracts | 164,368        | 95,353                  | 152,118        | 95,353                  |
| Bank overdrafts         | 222,872        | 245,960                 | 222,872        | 245,960                 |
| Bank and other loans    | -              | 17,140                  | -              | 17,140                  |
|                         | <u>387,240</u> | <u>358,453</u>          | <u>374,990</u> | <u>358,453</u>          |

Bank loans and overdrafts amounting to £222,872 (2013: £254,730) are secured by way of a debenture dated 16 April 2009, in favour of the company's bankers, incorporating a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, uncalled capital, buildings, fixtures, fixed plant and machinery.

The bank loans were also secured by life insurance policies in the name of the directors, in favour of the bank.

In addition bank loans amounting to £nil (2013: £8,370) were secured by a debenture dated 7 February 2011.

All hire purchase contracts are secured on the assets to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014

## 21. PROVISIONS FOR LIABILITIES

|                             | Group         |                         | Company       |                         |
|-----------------------------|---------------|-------------------------|---------------|-------------------------|
|                             | 31.12.14      | 31.12.13<br>as restated | 31.12.14      | 31.12.13<br>as restated |
|                             | £             | £                       | £             | £                       |
| Deferred tax                | <u>78,272</u> | <u>60,000</u>           | <u>78,000</u> | <u>60,000</u>           |
| <b>Group</b>                |               |                         |               |                         |
|                             |               |                         |               | Deferred tax            |
|                             |               |                         |               | £                       |
| Balance at 1 January 2014   |               |                         |               | 60,000                  |
| Provided during year        |               |                         |               | 18,011                  |
| On acquisition              |               |                         |               | <u>261</u>              |
| Balance at 31 December 2014 |               |                         |               | <u>78,272</u>           |
| <b>Company</b>              |               |                         |               |                         |
|                             |               |                         |               | Deferred tax            |
|                             |               |                         |               | £                       |
| Balance at 1 January 2014   |               |                         |               | 60,000                  |
| Provided during year        |               |                         |               | <u>18,000</u>           |
| Balance at 31 December 2014 |               |                         |               | <u>78,000</u>           |

## 22. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: |            | Nominal<br>value: | 31.12.14      | 31.12.13<br>as restated |
|----------------------------------|------------|-------------------|---------------|-------------------------|
| Number:                          | Class:     |                   |               |                         |
|                                  |            |                   | £             | £                       |
| 49,999                           | Ordinary   | £1                | 49,999        | 49,999                  |
| 3                                | Ordinary B | £1                | <u>3</u>      | <u>3</u>                |
|                                  |            |                   | <u>50,002</u> | <u>50,002</u>           |

The Ordinary shares and Ordinary B shares both carry entitlement to receive dividends. The ordinary shares alone carry the rights to repayment on a winding up.

## 23. RESERVES

| Group                 |  | Profit<br>and loss<br>account<br>£ | Share<br>premium<br>£ | Totals<br>£    |
|-----------------------|--|------------------------------------|-----------------------|----------------|
| At 1 January 2014     |  | 537,523                            | 18                    | 537,541        |
| Prior year adjustment |  | <u>73,515</u>                      | -                     | <u>73,515</u>  |
|                       |  | 611,038                            | 18                    | 611,056        |
| Deficit for the year  |  | (48,989)                           | -                     | (48,989)       |
| Dividends             |  | (32,667)                           | -                     | (32,667)       |
| Exchange differences  |  | <u>14,893</u>                      | -                     | <u>14,893</u>  |
| At 31 December 2014   |  | <u>544,275</u>                     | <u>18</u>             | <u>544,293</u> |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014

## 23. RESERVES - continued

## Company

|                       | Profit<br>and loss<br>account<br>£ | Share<br>premium<br>£ | Totals<br>£    |
|-----------------------|------------------------------------|-----------------------|----------------|
| At 1 January 2014     | 725,709                            | 18                    | 725,727        |
| Prior year adjustment | 73,515                             | -                     | 73,515         |
|                       | <hr/>                              | <hr/>                 | <hr/>          |
|                       | 799,224                            | 18                    | 799,242        |
| Profit for the year   | 148,003                            | -                     | 148,003        |
| Dividends             | (32,667)                           | -                     | (32,667)       |
|                       | <hr/>                              | <hr/>                 | <hr/>          |
| At 31 December 2014   | <u>914,560</u>                     | <u>18</u>             | <u>914,578</u> |

## 24. RELATED PARTY DISCLOSURES

The directors have taken advantage of the exemption available under Financial Reporting Standard number 8 - Related Party Disclosures, not to disclose transactions with wholly owned group members.

Included within debtors is a balance of £768,352 (2013: £338,410) due from Totalpost Services Inc., a company incorporated in the US which is under the control of D Hymers. During the year, sales of £471,213 (2013: £167,133) and purchases of £Nil (2013: £53,315) were made to/received from Totalpost Services Inc. with further payments made to cover rent, wages and working capital costs.

At the balance sheet date, an amount of £26,748 (2013: £13,505) was outstanding to D Hymers. Director B P Qualey received consultancy fees for professional services of £7,200 (2013: £7,200).

Dividends of £10,000 (2013: £12,666) were paid to D Hymers; £11,334 (2013: £10,667) were paid to J Leach; and £11,333 (2013: £10,667) were paid to W Wright during the year.

## 25. ULTIMATE CONTROLLING PARTY

The group and company were under the control of D Hymers throughout the current period by virtue of his majority shareholding.

## 26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

## Group

|   | 31.12.14<br>£         | 31.12.13<br>as restated<br>£ |
|---|-----------------------|------------------------------|
| (Loss)/profit for the financial year  | (48,989)              | 885                          |
| Dividends   | (32,667)              | (34,000)                     |
|   | <hr/>                 | <hr/>                        |
|   | (81,656)              | (33,115)                     |
| Other recognised gains and losses relating to the year (net)                                    | 14,893                | -                            |
| Issue of Ordinary B shares  | -                     | 20                           |
|   | <hr/>                 | <hr/>                        |
| <b>Net reduction of shareholders' funds</b>   | <b>(66,763)</b>       | <b>(33,095)</b>              |
| Opening shareholders' funds<br>(originally £587,543 before<br>prior year adjustment of £73,515) | 661,058               | 694,153                      |
|   | <hr/>                 | <hr/>                        |
| <b>Closing shareholders' funds</b>  | <b><u>594,295</u></b> | <b><u>661,058</u></b>        |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued****Company**

|   | 31.12.14              | 31.12.13<br>as restated |
|---|-----------------------|-------------------------|
|   | £                     | £                       |
| Profit for the financial year   | 148,003               | 189,071                 |
| Dividends   | (32,667)              | (34,000)                |
|   | <u>115,336</u>        | <u>155,071</u>          |
| Issue of Ordinary B shares  | -                     | 20                      |
|   | <u>115,336</u>        | <u>155,091</u>          |
| <b>Net addition to shareholders' funds</b>  | <b>115,336</b>        | <b>155,091</b>          |
| Opening shareholders' funds<br>(originally £775,729 before<br>prior year adjustment of £73,515) | <u>849,244</u>        | <u>694,153</u>          |
| <b>Closing shareholders' funds</b>  | <b><u>964,580</u></b> | <b><u>849,244</u></b>   |

**TOTALPOST SERVICES PLC**  
**COMPANY PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

|  | 31.12.14         |                       | 31.12.13<br>as restated |                       |
|--|------------------|-----------------------|-------------------------|-----------------------|
|  | £                | £                     | £                       | £                     |
| <b>TURNOVER - Recurring</b>                          |                  | 4,761,036             |                         | 3,961,749             |
| <b>TURNOVER - Exceptional</b>                        |                  | <u>328,448</u>        |                         | <u>-</u>              |
|  |                  | 5,089,484             |                         | 3,961,749             |
| Cost of sales  |                  | <u>2,738,593</u>      |                         | <u>2,033,182</u>      |
| <b>GROSS PROFIT</b>                                  |                  | 2,350,891             |                         | 1,928,567             |
| Distribution costs                                   | 212,024          |                       | 129,125                 |                       |
| Administrative expenses                              | <u>1,921,298</u> |                       | <u>1,559,470</u>        |                       |
|  |                  | <u>2,133,322</u>      |                         | <u>1,688,595</u>      |
|  |                  | 217,569               |                         | 239,972               |
| Other operating income                               |                  | <u>11,609</u>         |                         | <u>17,728</u>         |
| <b>OPERATING PROFIT</b>                              |                  | 229,178               |                         | 257,700               |
| Interest payable and similar charges                 |                  | <u>29,668</u>         |                         | <u>13,867</u>         |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |                  | 199,510               |                         | 243,833               |
| Tax on profit on ordinary activities                 |                  | <u>51,507</u>         |                         | <u>54,762</u>         |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                 |                  | <u><u>148,003</u></u> |                         | <u><u>189,071</u></u> |